

Message Text

PAGE 01 DACCA 02594 100534Z

20

ACTION AID-20

INFO OCT-01 EUR-25 NEA-14 ISO-00 EB-11 XMB-07 TRSE-00

CIAE-00 INR-10 NSAE-00 RSC-01 COME-00 OPIC-12 DRC-01

/102 W

----- 092915

R 071033Z JUN 73

FM AMEMBASSY DACCA

TO SECSTATE WASHDC 3297

USMISSION OECD PARIS

INFO AMEMBASSY ISLAMABAD

LIMITED OFFICIAL USE DACCA 2594

PASS MAC DONALD

E.O. 11652: N/A

TAGS: EAID, EFIN, BG

SUBJECT: DEPT - CURRENT STATUS DEBT NEGOTIATIONS

BEGIN SUMMARY: IN MEETING CALLED BY SECRETARY PLANNING COMMISSION, LETTER AND AIDE MEMOIRE WERE PASSED TO AMBASSADOR COVERING PRESENT STATUS BDG POSITION ON OUR DEBT NEGOTIATIONS TO DATE. AIDE MEMOIRE STRESSES NEED TO ACHIEVE OVERALL 84 PERCENT GRANT ELEMENT FROM ALL CREDITORS COMBINED. LETTER ADDRESSED TO SCHWARZWALDER ACCEPTS IN PRINCIPLE ALL LOANS EXCEPT TWO DEOBLIGATED PROJECTS. SUMMARY AND MISSION COMMENTS FOLLOW BELOW. EMD SUMMARY.

1. SECRETARY PLANNING COMMISSION CALLED JUNE 6 MEETING WITH AMBASSADOR AND SCHWARZWALDER TO REVIEW PRESENT BDG POSITION AND TO PROVIDE AIDE MEMOIRE WHICH PASSED IN COMPARABLE FORMAT TO ALL DONORS AND LETTER TO SCHWARZWALDER FROM AHMED WHICH DETAILS FURTHER RESOLUTION OF REMAINING DIFFERENCES.

2. AIDE MEMOIRE STRESSES THAT THE TERMS OF REPAYMENTS AND SERVICES QUOTE SHOULD BE CONSISTENT WITH A DAC GOAL OF MINIMUM LIMITED OFFICIAL USE
LIMITED OFFICIAL USE

PAGE 02 DACCA 02594 100534Z

OF 84 PERCENT GRANT ELEMENT UNQUOTE. BASED ON PREVIOUS APRIL 18 LETTER FROM AHMED, AIDE MEMOIRE ACKNOWLEDGES AGREEMENT IN PRINCIPLE ON \$37 MILLION LEAVING \$49 MILLION WHICH THE BDG CANNOT ACCEPT FULLY. THE BDG IS DESIROUS

THAT ALL REMAINING CLAIMS BE RESOLVED WITH THE EXCEPTION OF DEOBLIGATED LOANS 139 AND 052.

3. AIDE MEMOIRE REITERATES BDG DESIRE THAT THE TERMS OF REPAYMENT AND SERVICES QUOTE WILL NOT BE LESS FAVORABLE IN TOTAL FOR ALL

CREDITORS COMBINED THAN THE EQUIVALENT OF 84 PERCENT GRANT ELEMENT UNQUOTE. AIDE MEMOIRE CONCLUDES BY EXPRESSING ASSURANCES THAT CURRENT NEGOTIATIONS SHOULD BE SPEEDILY AND AMICABLY CONCLUDED.

4. LETTER WAS GIVEN TO US IN CONFIDENCE AND WE UNDERSTAND SIMILAR LETTERS ARE NOT REPEAT NOT BEING PROVIDED OTHER DONORS AT THIS TIME. THE BDG HAS DECIDED TO QUOTE ACCOMMODATE AS FAR AS POSSIBLE UNQUOTE THE OUTSTANDING PRINCIPLE CLAIMS FOR THE FOLLOWING LOANS: CONSULTANT SERVICES (062, 124, 068, 136). FEASIBILITY STUDIES (058), AIRPORT (054), TELECOMMUNICATIONS (071) AND MALARIA ERADICATIONS (053, 084, 128, 135). FURTHERMORE, BDG ACCEPTSNTHESE LOANS IN PRINCIPLE QUOTE SUBJECT TO NECESSARY ADJUSTMENTS THAT MAY ARISE FROM CONTINUING SCRUTINY UNQUOTE OF AID DISBURSEMENT DOCUMENTATIONS AND IT IS MADE AVAILABLE.

5. THE LETTER EXPLICITLY EXCLUDES SAWMILL AND SEED POTATO AS THESE CONTRACTS QUOTE REMAIN UNFULFILLED AND ID NOT RESULT IN THE CREATION OF ASSETS UNQUOTE. AS EXPRESSED BEFORE, USAID SEES LITTLE VIRTUE IN PRESSING THIS QUESTION MUCH MORE.

6. FOLLOWING THE SCHWARZWALDER TO AHMED LETTER DATED MAY 24, THIS JUNE 6 LETTER NOTES THE ASSURANCES THAT USAID WILL HELP TO COMPLETE THE TWO ON-GOING PROJECTS, CHITTAGONG PORT AND KARNAPHULI THIRD UNIT. THE LETTER ADDS QUOTE NECESSARY ACTION ON THIS WILL SOON BE INITIATED FROM OUR SIDE UNQUOTE. LETTER CONCLUDES BY EXPRESSING THE HOPE THAT MACDONALD'S EFFORTS TO SECURE BETTER RESCHEDULING TERMS WILL BE SUCCESSFUL.

7. SCHWARZWALDER QUERIED SECRETARY AS TO THE MEANING OF QUOTE NECESSARY ADJUSTMENTS UNQUOTE AND QUOTE CONINUING SCRUTINY UNQUOTE. LIMITED OFFICIAL USE
LIMITED OFFICIAL USE

PAGE 03 DACCA 02594 100534Z

WAS ASSURED THAT THESE QUALIFYING PHRASES WERE NOT TO BE TAKEN TOO SERIOUSLY AND THAT QUOTE CONTINUED SCRUTINY UNQUOTE INCLUDES ACCEPTANCE IN PRINCIPLE OF OUTSTANDING CONTRACTOR CLAIMS.

8. COMMENT: OF THE TWO DOCUMENTS PROVIDED US AT THIS MEETING, THE LETTER IS BY FAR THE MORE IMPORTANT. WE FEEL THE AIDE MEMOIRE REPRESENTS MINIMUM BDG OFFICIAL POSITION AT THIS TIME. LETTER, PROVIDED IN CONFIDENCE, CONFIRMS OUR VERBAL UNDERSTANDING ACHIEVED DURING STAFF LEVEL NEGOTIATIONS. CLARIFICATIONS REMAIN BUT THE LETTER IN EFFECT STATES THAT BDG AGREES TO 99.8 PERCENT OF OUR AID LOANS.

9. COPIES BEING POUCHED AID/W DESK JUNE 11, 1974.

DECONTROL FOLLOWING JUNE 7, 1975.

BOSTER

LIMITED OFFICIAL USE

<< END OF DOCUMENT >>

Message Attributes

Automatic Decaptioning: X
Capture Date: 02 APR 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 07 JUN 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: elyme
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973DACCA02594
Document Source: ADS
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: n/a
Film Number: n/a
From: DACCA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730634/abqceaiv.tel
Line Count: 116
Locator: TEXT ON-LINE
Office: n/a
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: elyme
Review Comment: n/a
Review Content Flags:
Review Date: 20 AUG 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <20-Aug-2001 by kelleyw0>; APPROVED <16-Oct-2001 by elyme>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: DEPT - CURRENT STATUS DEBT NEGOTIATIONS
TAGS: EAID, EFIN, BG
To: STATE
OECD PARIS INFO ISLAMABAD
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005